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IN THE

# Supreme Court of the United States

OCTOBER TERM, 1946.

No. 717

EDWIN B. H. TOWER, JR.,
*Petitioner,*

*vs.*

WATER HAMMER ARRESTER CORP.,
*Respondent.*

## PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE SEVENTH CIRCUIT AND BRIEF IN SUPPORT THEREOF.

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## PETITION.

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*To the Honorable, the Chief Justice, and the Associate Justices of the Supreme Court of the United States:*

Your petitioner, Edwin B. H. Tower, Jr., respectfully prays that a writ of certiorari issue to the United States Circuit Court of Appeals for the Seventh Circuit to review a judgment of that court entered July 3, 1946 (R. ~~811~~ 450) affirming a judgment of the District Court of the United States for the Eastern District of Wisconsin (R. 55). A certified transcript of the record in the case, relevant to

the question presented, including the proceedings in said Circuit Court of Appeals, together with the necessary additional copies thereof, has been filed in compliance with Rule 38 of the rules of this Court.

**Summary and Short Statement of the Matter Involved.**

Your petitioner seeks a writ of certiorari to resolve a conflict of decisions between circuit courts of appeals upon the question of Federal jurisdiction arising, in the case at bar, from the following circumstances:

Petitioner is the owner of United States Letters Patent No. 2,273,766 for Water Hammer Arresters, granted to him on February 17, 1942. Promptly upon the issuance of the patent, he notified respondent and one of respondent's suppliers that the device shown and described in respondent's "Agent's Manual" infringes said patent and requested respondent to state its attitude regarding the patent.

The only reply to the notice of infringement made by respondent was to file this suit in which it seeks a declaratory judgment respecting the validity and infringement of petitioner's patent. The complaint states that the action "arises out of an actual controversy between the plaintiff and the defendant as to the alleged infringement by plaintiff of United States Letters Patent No. 2,273,766 * * *" (R. 2).

The complaint prays, *inter alia*, "That the court adjudge and declare that the water hammer arresters manufactured and sold by plaintiff, and the use thereof, do not infringe said Letters Patent No. 2,273,766" (R. 10).

The complaint identifies the water hammer arresters made by the respondent as being the same, or substantially the same, as those shown in the drawings, Exhibits

1 and 2, attached to the complaint, and denies that respondent's manufacture and sale of such water hammer arresters is in violation of any legal right of the petitioner under said patent (R. 3).

Petitioner filed answer *admitting* that the water hammer arresters shown in Exhibits 1 and 2 do not infringe his patent nor embody the invention described and claimed therein (R. 14).

Defendant's answer further denies that the complaint is based upon an actual controversy between the parties such as would give the Court jurisdiction to render a declaratory judgment (Par. 3, R. 12; Pars. 7 and 8, R. 14; Par. 11, R. 17).

By said admissions in the answer and the motion to dismiss, hereinafter discussed, petitioner was forever precluded from obtaining any judgment against the respondent respecting the validity of the patent in suit of its infringement by any devices theretofore actually made, used or sold by respondent.

Therefore, petitioner did not assert any counterclaim against the respondent and his only prayer is that the complaint be dismissed.

Prior to trial, petitioner ascertained by a discovery deposition that the respondent had in fact not made or sold any water hammer arresters as described in the "Agent's Manual." The deposition showed that all water hammer arresters made and sold by the respondent were the same as those shown on the drawings, Exhibits 1 and 2, which petitioner had *admitted* in the answer do not infringe.

Thereupon, petitioner moved the trial court, seven days before the commencemnet of the trial, to dismiss the complaint upon the ground that there was no actual and

justiciable controversy between the parties upon which a judgment could be rendered.

In said motion, petitioner again *admitted* that the respondent had not infringed and absolved the respondent from any charge of infringement (R. 24-25).

Notwithstanding that the prayer for a judgment of noninfringement was completely answered by petitioner's admission of noninfringement, respondent opposed said motion (R. 190) and insisted that it was entitled to a trial upon the sole issue of the validity of the patent, in complete disregard of the lack of controversy on the issue of infringement which is stated in the complaint to give rise to the cause of action.

The reason stated by respondent for its insistence upon a trial on the issue of validity of the patent in suit, is found in an affidavit of respondent's president filed in opposition to petitioner's motion to dismiss wherein it is said:

> "It is a fact that plaintiff's predecessor has manufactured water hammer arresters having clearances greater or less than one-sixteenth (1/16) inch, and it may well be that in its future operations the plaintiff corporation may again manufacture such devices."

Thus, it is plain that the respondent was merely seeking an advisory opinion for its guidance in an hypothetical case which might arise in the future if it should change its construction.

The trial court took the motion under consideration and withheld its decision thereon until the day the trial was scheduled to commence. On that date, the court overruled petitioner's motion and ordered the case to be tried (R. 26).

On the issue of validity, the trial court could, under no circumstances, enter a judgment favorable to the petitioner

because in view of petitioner's admission of noninfringement, the court could not hold the patent valid, no matter what the evidence might show. (*Electrical Fittings Corp.* v. *Betts*, 307 U. S. 241.)

At the conclusion of respondent's case, when it had again been established that respondent had made no water hammer arresters which were not like Exhibits 1 and 2, petitioner renewed his motion to dismiss for lack of jurisdiction, there being no controversy between the parties on the question of infringement, and again the court denied the motion (R. 26).

After trial on the merits, the trial court filed a memorandum opinion (R. 27, *et seq.*), and entered findings of fact and conclusions of law (R. 36, *et seq.*), and a judgment holding petitioner's patent invalid (R. 55).

On the appeal, petitioner urged that the trial court had erred in failing to grant the motion to dismiss for lack of justiciable controversy. The Court of Appeals affirmed (Opinion, R. 599) and entered its judgment affirming that of the District Court.

Because the judgment of the Court of Appeals upon the question of jurisdiction first raised by the petitioner in the District Court, and before the trial of the case, conflicts with the rulings of the Court of Appeals for the Second Circuit upon the same matter, as hereinafter more fully pointed out, petitioner seeks a review by this Court upon that question to the end that it may be definitely settled by a judgment of this Court.

## Question Presented.

The single question which the petitioner seeks this Court to decide, and which is dispositive of the case, is succinctly stated as follows:

> When, in a suit for a declaratory judgment upon a patent in which a judgment of noninfringement is prayed, the defendant, by answer, admits that the plaintiff has not infringed and alleges that there is no justiciable controversy between the parties, and, before trial defendant moves for a dismissal for lack of justiciable controversy and again admits that the plaintiff has not infringed and absolves the plaintiff from any charge of infringement, may the Court, nevertheless, assume jurisdiction to render an advisory opinion on the moot issue of the validity of the patent, merely because plaintiff states that it may in the future change its device?

## Reasons Relied Upon for the Grant of a Writ of Certiorari.

The discretionary power of this Court is invoked upon the following grounds:

(1) The decision of the Court of Appeals for the Seventh Circuit holding that the District Court had jurisdiction to adjudicate the validity of a patent in the absence of an actual controversy on the question of infringement is in direct conflict with the following decisions of the Court of Appeals for the Second Circuit upon the same matter:

*McCurrach* v. *Cheney*, 152 F. (2) 365.

*Cover* v. *Schwartz*, 133 F. (2) 541 (Cert. den. 319 U. S. 748).

*Larson* v. *General Motors*, 134 F. (2) 450 (Cert. den. 319 U. S. 762).

(2) The Court of Appeals has decided an important question of Federal law which has not been, but should be, settled by this Court.

WHEREFORE, your petitioner respectfully prays that a writ of certiorari be issued out of and under the seal of this Court directed to the United States Circuit Court of Appeals for the Seventh Judicial Circuit, commanding said Court to certify and send to this Court, on a day to be designated, a full transcript of the record, relevant to the issue raised by this petition, and all proceedings in the Court of Appeals had in this case, to the end that this case may be reviewed and determined by this Court; that the judgment of the Court of Appeals for the Seventh Circuit be reversed, and that petitioner be granted such other and further relief as may to this Court seem proper.

HAROLD OLSEN,
*Counsel for Petitioner.*

Dated: Chicago, Illinois, November ....., 1946.

## BRIEF IN SUPPORT OF PETITION FOR CERTIORARI.

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### The Opinions of the Courts Below.

The opinion of the District Court is reported in 66 F. Supp. 732 and is included in the record at pages 27 to 36.

The opinion of the Circuit Court of Appeals is reported in 156 F. (2) 775 and is included in the record at pages ~~599~~ 440 to ~~610~~ 450.

### Jurisdiction.

The grounds of jurisdiction are:

1. The date of the judgment to be reviewed is July 3, 1946 (R. ~~611~~ 450). Rehearing was denied August 31, 1946 (R. ~~613~~ 453).

2. The statute under which the jurisdiction is invoked is § 240-A of the Judicial Code, 28 U.S.C. § 347, as amended by the Act of February 13, 1925.

3. Cases believed to sustain the jurisdiction of this Court to entertain this petition and grant the writ, are:

*Electrical Fittings Corp.* v. *Betts,* 307 U. S. 241.

*Altvater* v. *Freeman,* 319 U. S. 359.

and the provision of Rule 38, paragraph 5(b) of the rules of this Court.

### Statement of the Case.

The facts are sufficiently stated in the petition.

## Specification of Error.

The error which petitioner will urge, if the writ of certiorari be granted, is that the Circuit Court of Appeals for the Seventh Circuit erred:

> In affirming the District Court's order overruling petitioner's motion, made before trial, to dismiss the case for lack of actual controversy, in which motion petitioner expressly admitted that the respondent had not infringed and thereby terminated any actual and justiciable controversy between the parties.

## Summary of the Argument.

The points of the argument follow the question presented and are stated in the index hereto. For the sake of brevity, they are omitted at this point.

## ARGUMENT.

### Point I.

**When, in a suit for a declaratory judgment upon a patent in which a judgment of noninfringement is prayed, the defendant, by answer, admits that the plaintiff has not infringed and alleges that there is no justiciable controversy between the parties, and, before trial defendant moves for a dismissal for lack of justiciable controversy and again admits that the plaintiff has not infringed and absolves the plaintiff from any charge of infringement, the Court may not assume jurisdiction to render an advisory opinion on the moot issue of the validity of the patent, merely because plaintiff states that it may in the future change its device.**

In a patent case, just as in all other types of cases, a controversy is created when a party possessed of a right asserts that his right is being violated, or is threatened with violation, by another (*U. S.* v. *West Virginia,* 295 U. S. 463).

In the case at bar, a notice of infringement had been sent by the petitioner to the respondent which was based upon a description in respondent's "Agent's Manual."

When petitioner ascertained that what he had assumed to be a description of the invention of the patent in suit was in fact not such, he expressly conceded that the devices actually made, used and sold by the respondent do not infringe the patent, and expressly absolved the respondent from any charge of infringement.

This the petitioner did by his answer and, again, a week before the trial of the case in a motion to dismiss

upon the ground that there was no actual and justiciable controversy between the parties.

The trial court withheld its decision on the motion until the day fixed for the opening of the trial and on that date the motion was overruled without opinion.

The reason for the denial of said motion is set out in the opinion of the District Court filed after the trial on the merits (R. 27-36) wherein the Court says (R. 34):

> "If the defendant were permitted to change his mind on the question of infringement after this action was commenced, and avoid a judgment on the issue of validity, nothing would prevent a switch again to the conclusion plaintiff was infringing after the action was dismissed."

In so holding, the trial court overlooked the fact that if the judgment of dismissal as prayed by the petitioner had been granted upon the ground stated in the motion, such judgment would have constituted an estoppel by judgment against the petitioner from ever asserting that the devices theretofore made by the respondent infringed his patent.

Petitioner's written admission of noninfringement would forever conclusively "prevent a switch again to the conclusion plaintiff was infringing after the action was dismissed."

It has been held by this Court (*U. S.* v. *Alaska Steamship Co.*, 253 U. S. 113) that when a controversy comes to an end, either by act of one of the parties or by operation of law, a Federal court has no jurisdiction to proceed to try any other issues in the case which are thereby rendered moot.

Under the Constitution, Art. III, Sec. 2, Federal courts are given jurisdiction only in cases and controversies. The Declaratory Judgments Act, Judicial Code § 274d, 28 U.S.C. § 400, limits the jurisdiction of the Federal Courts

to grant declaratory judgments to cases of actual controversy. This Court has held (*Altvater* v. *Freeman*, 319 U. S. 359) that the requirements of case or controversy are no less strict in actions under the Declaratory Judgments Act than in the case of other suits.

This is a suit for a declaratory judgment upon a patent in which the cause of action is said to arise out of an actual controversy between the parties respecting the question of infringement of the patent in suit. When, in the answer and by motion before trial, petitioner admitted that the respondent had not infringed, the whole basis for the action failed and there was nothing left within the jurisdiction of the Court for adjudication.

## Point II.

**In proceeding with the trial of this case after petitioner's admission of noninfringement, the trial court refused to follow the mandate of the Act of March 3, 1875, 28 U. S. C. § 80.**

The Act of March 3, 1875, 28 U.S.C. § 80, provides in part as follows:

> "If in any suit commenced in a district court, * * * it shall appear to the satisfaction of said district court, at any time after such suit has been brought * * * that such suit does not really and substantially involve a dispute or controversy properly within the jurisdiction of said district court, * * * the said district court shall proceed no further therein, but shall dismiss the suit * * *."

This statute makes it mandatory upon the Federal courts to proceed no further but to dismiss any action in which it is apparent that there is no actual controversy between the parties.

When petitioner admitted that the respondent had not

infringed and moved to dismiss the complaint on the ground that there was no actual and justiciable controversy between the parties of which a Federal court could take cognizance, he was, in effect, asking the court to obey the foregoing statutory provision.

The parties to this action are citizens of the same state, Wisconsin. A Federal Court would be without jurisdiction to grant the general equitable relief prayed for because the asserted basis therefor does not make a case arising under the patent laws. *Becher* v. *Contoure Laboratories, Inc.*, 279 U. S. 388.

To the extent that the complaint alleges that the patent in suit was obtained by a fraudulent misrepresentation, only the United States can prosecute an action to annul or void the patent. *U. S.* v. *American Bell Tel. Co.*, 128 U. S. 315; *U. S.* v. *American Bell Tel. Co.*, 159 U. S. 548; *Briggs* v. *United Shoe Mchy. Co.*, 239 U. S. 48.

## Point III.

**The decision of the Court of Appeals in this case is in direct conflict with a number of decisions upon the same matter by the Court of Appeals for the Second Circuit.**

In *McCurrach* v. *Cheney Bros.*, 152 F. (2) 365, the Court of Appeals for the Second Circuit held that in a declaratory judgment case upon a patent, defendant's express disclaimer of infringement made upon the trial, left the Court no room to enter a declaratory judgment of invalidity (152 F. (2) 367).

The cited case was a patent infringement suit in which, by amendment, the plaintiff sought a declaratory judgment that a patent owned by the defendant was invalid and not infringed by the plaintiff's construction. On the trial, the President of the defendant corporation admitted

that the plaintiff had not infringed and that he did not charge the plaintiff with infringement. Thereupon, the trial court held that there was no such actual controversy between the parties, in the Constitutional sense, as would give the Court jurisdiction and it dismissed the petition for declaratory judgment (59 F. Supp. 234, 245). This was affirmed by the Court of Appeals.

In its decision, the Court of Appeals cited as authority its earlier decision in *Cover* v. *Schwartz,* 133 F. (2) 541. It is plain, therefore, that in using the expression "no room to enter a declaratory judgment" the Court of Appeals meant that there was no jurisdiction to do so.

The case of *Cover* v. *Schwartz,* 133 F. (2) 541, cited by the Court of Appeals for the Second Circuit in *McCurrach* v. *Cheney* was an earlier decision of that Court in which it held that in an infringement suit the Court lost jurisdiction upon the plaintiff's admission of noninfringement. *Cover* v. *Schwartz* was a patent infringement suit tried in the District Court upon the usual issues of validity and infringement. The District Court held the patent invalid and not infringed. The plaintiff appealed, setting up as error that the District Court failed to hold the patent valid and infringed. However, in the brief and on oral argument in the Court of Appeals, plaintiff's counsel stated that he took no issue with the trial court's holding of noninfringement. Thereupon the Court of Appeals held that there was no longer any case or controversy in the Constitutional sense which could give the Court jurisdiction to hear and determine the appeal and the appeal was dismissed for lack of jurisdiction.

This Court denied certiorari in 319 U. S. 748.

In *Larson* v. *General Motors,* 40 F. Supp. 570, the plaintiff, at the trial, conceded that the defendant had not infringed and consented to a judgment dismissing his bill upon the ground of noninfringement. The trial court

nevertheless proceeded to pass upon the issue of validity and held the patent invalid. On the appeal the holding of invalidity was specifically reversed by the Court of Appeals (134 F. (2) 450.

The decisions of the Court of Appeals for the Second Circuit have been followed as recently as March 4, 1946 by the District Court for the Southern District of New York in *Myerson* v. *Dentists Supply Co.*, 66 F. Supp. 31. In that case the plaintiff withdrew the charge of infringement as to one of the patents in suit as late as in the reply brief filed after trial (66 F. Supp. 37, Finding 18). The issue of infringement having thus been disposed of by the plaintiff's concession of noninfringement, the defendant, nevertheless, urged the District Court to adjudicate the issue of validity of said patent. The District Court refused stating (66 F. Supp. 46):

> "I apprehend, however, that upon the plaintiff's withdrawal of the charge of infringement no case or controversy within Art. III, Sec. 2 of the Constitution remains, and that the only action open to the court is to order a dismissal as to this patent. The doctrine of *Cover* v. *Schwartz*, 2 Cir., 133 F. 2d 541, certiorari denied 319 U. S. 748, 63 S. Ct. 1158, 87 L. Ed. 1703, is applicable to the situation here."

It is apparent, therefore, that there is a direct conflict between the decision of the Circuit Court of Appeals for the Seventh Circuit in the case at bar and the decisions of the Court of Appeals for the Second Circuit in the cases above cited.

The cases cited by the Court of Appeals in its opinion in this case (R. ~~604~~ 607) do not support its conclusion.

*Maryland Casualty Co.* v. *Pacific Coal & Oil Co.*, 312 U. S. 270, states that a controversy over which a Federal Court can take jurisdiction must be real and substantial.

*Altvater* v. *Freeman*, 319 U. S. 359, was a patent case

in which this Court specifically found a controversy to exist between the parties and that it was, therefore, improper for the Court below to dismiss the defendant's counterclaim.

*Allegheny Steel & Brass Corp.* v. *Elting,* 141 F. (2) 148 is a decision by the Court of Appeals for the Seventh Circuit holding that the District Court had jurisdiction to pass upon validity where the charge of infringement was not withdrawn until after the trial had been completed and the case submitted to the District Court for decision.

## Conclusion.

The question here presented has not been passed upon by this Court. It is an important question of Federal law which, we submit, should be set at rest by a decision of this Court.

It is respectfully submitted that for the reasons herein stated the Court should grant this petition for a writ of certiorari, and that it should take the case up for review and reverse the decision of the Circuit Court of Appeals on the question of jurisdiction here presented, and remand the case to the District Court for entry of an order dismissing the complaint.

Respectfully submitted,

HAROLD OLSEN,
*Counsel for Petitioner.*

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